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Twin Cities manufactured housing park sales reflect national trend

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Manufactured housing parks, a key source of affordable housing, are drawing increasing interest from investors, including the Utah firm that spent \$71 million to acquire two Twin Cities parks in April.

Nationally, transaction volume for manufactured housing parks reached \$4.2 billion in 2020, a greater than 32% increase from 2019, when transaction volume totaled \$3.2 billion, according to a report issued in March by professional services firm [JLL](#). The trend is raising concerns among advocates like [Victoria Clark](#), executive director of [Northcountry Cooperative Foundation](#), a Minneapolis-based non-profit organization that works to convert manufactured housing communities into resident-owned cooperatives.

“What used to be a homegrown, naturally occurring affordable housing sector is now becoming, and pretty quickly becoming, a profit center for these out-of-state investors,” Clark said.



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A covered bridge marks the entrance to Brandondale Manufactured Home Community, a mobile home park in Chaska that sold in April for \$40 million.

In Minnesota, those investors include Orem, Utah-based Havenpark Capital. Havenpark entered the state in 2019 with the purchase of three mobile home communities in Hastings, Becker and St. Cloud.

Then, on April 28, it bought two more, paying \$40 million for Brandondale Manufactured Housing Community in Chaska and \$31 million for Blaine International Village in Blaine. Those prices work out to \$81,135.90 per lot for the 493-pad Chaska park and \$59,386.97 per lot for the 522-pad Blaine park.

Nationally, the average price-per-pad for a park sale was \$50,792 as of the second quarter of 2020, according to JLL. That represented a 26% year-over-year increase from the second quarter of 2019.

Unusually, Havenpark attached a note to the certificate of real estate value for the Brandondale transaction that read: "We paid higher than market because we are aggressively trying to enter the market, get a presence, and build scale." A similar note appeared on the CRV for the Blaine International Village sale.

Clark said Minnesota's 805 manufactured housing communities "overwhelmingly" serve households earning between 30% and 50% of area median income. While park residents typically own their homes, they rent the land beneath them, and one common way for investors to boost profits is to raise lot rents, she said.

Those rents last year averaged about \$389 per month in the Midwest, according to JLL. Havenpark drew fire in Iowa when, after purchasing several parks there in recent years, it proposed lot rent increases in the range of 60% to 70%.

"I'm getting calls every day from residents who are desperate," Clark said.

Sean King, a Havenpark division president in charge of parks in the company's western territory, said the company met with residents of those Iowa parks and agreed to spread the rent increases out over several years.

"I think like any new company, there were some missteps," King said. "... Once they realized we've overstepped here, it was a little too aggressive, the increase was backed off and spread out over the course of three years."

He said the average rent hike across all of Havenpark's properties in 2020 was \$24, and that increases typically go hand-in-hand with reinvestment in the parks. Rent adjustments are not currently planned at the parks in Blaine and Chaska, he added.

"I can tell you that we do review the markets, usually annually, to see if an increase is warranted. But one thing that's important to note is you won't see an increase without the reinvestment," he said.

King said Havenpark planned to complete roadwork and a curb-and-gutter project begun by the previous owner of Blaine International Village. In Chaska, Havenpark plans repairs to a covered bridge at the park's entrance, he said.

He added that he met with city officials in both Blaine and Chaska in May to discuss Havenpark's plans for the properties.

King said Havenpark's pursuit of manufactured housing communities sometimes put it in competition with developers. He contrasted the company's approach with the potential redevelopment of the parks, which he argued would cause the permanent loss of the homes.

"Zoning is hard to come by for new parks, and our goal is to be able to save the mobile home communities that exist now, reinvest in them and make sure they're something that people can stay in for a long time," he said.

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